Schools Finance Training Guidance

Budget Share

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Primary & Secondary Schools Funding

The government first introduced the National Funding Formula (NFF) in 2018/19 for mainstream schools. Since its introduction, Local Authorities have continued to be responsible for agreeing and calculating schools funding allocations however, Local Authorities were strongly encouraged to move to the NFF arrangements so that schools' allocations were on a sensible trajectory towards the 'direct' formula.

The fundamental principles of the NFF have not changed for 2026/27.

On 17 December 2025, the DfE published LAs allocations through the Dedicated Schools Grant (DSG) for schools, early years, high need and central schools services for 2026/27. Overall, core schools funding has increased by £1.7bn (or 2.6%) in 2026/27 compared to 2025/26, bringing total core schools funding to £67.0bn in 2026/27. This is expected to rise to £68.4bn (or 2.1%) in 2027/28 and £69.5bn (or 1.6%) in 2028/29. Of the £67.0bn in 2026/27, £50.9bn is funding for mainstream schools.

The key updates to the NFF in 2026/27 are as follows:

- Free School Meals factor will increase by 1.66%, in line with GDP deflator forecast.
- Excluding the downward adjustment to AWPU, all other formula factors in the NFF will on average increase by c.2.11%.
- A Minimum Funding Guarantee (MFG) of +0.0% per pupil protection. The MFG range is between -0.5% and +0.0% per pupil in 2026/27. This ensures no school will receive a per pupil reduction in funding.
- No gains ceiling cap.
- The schools budget support grant (SBSG) (teachers' September 2025 pay award and support staff pay award April 2025) and the National Insurance contributions (NICs) grant (additional costs for the employer NICs rates in April 2025 from 13.8% to 15% and the threshold for contributions lowered to £5,000) will be rolled into the NFF factors for 2026/27 using a similar approach to previous grants and how the current grant allocations are determined, namely through the NFF lump sum, basic per pupil rates and FSM Ever 6 formula factors. For the SBSG, the amounts incorporated into the NFF reflect the full year equivalent of the SBSG funding rates, as the grant previously provided funding for part year costs of the teachers' pay award from September 2025.
- The minimum per pupil funding levels (MPPFL) will be set at £5,115 for primary schools and £6,640 for secondary schools. Although the MPPFLs have increased to incorporate the rolling in of SBSG and NICs grant funding, no further percentage uplift has been applied to the MPPFL levels in 2026/27 (similar to that applied to other formula factors).
- Continuation of the 'prior' methodology for the payment of Non-Domestic rates.
- Continuation of the primary school rents factor relating to schools premises.
- The notional SEN budget, within schools overall budget allocation, continues to use the notional SEN percentages assigned to each formula factor from the 2025/26 update.

The fundamental principles of the Government's NFF are not changing for 2026/27. The Council approved the continued application of the NFF, including the 2026/27 measures to address the affordability issue (I038008), before the application of the 0.5% Schools block transfer to the High Needs block to support high needs initiatives.

The main reason that causes Schools block affordability challenges relates to the Government's application of lagged funding arrangements for Councils Schools block funding for pupil-led factors (i.e. the DfE uses the October 2024 schools census). The Council is required to fund mainstream schools 2026/27 budgets using the latest schools census (October 2025).

The October 2025 schools census which is used for 2026/27 mainstream schools budgets has seen a proportionate increase in the growth of both FSMs and FSMs Ever 6 and higher proportions of pupils meeting the primary level low prior attainment threshold. This is also compounded by lower pupil numbers in the primary sector through the Council's aggregated Schools block funding allocation, which attracts both pupil-led proxy funding and school-led funding, reducing the funded baseline.

The Executive Councillor decision was made on the 12 February 2026.

School funding for 2026/27 is based on the October 2025 Pupil Census for mainstream schools and academies.

Age Weighted Pupil Unit (AWPU)
In order to set an affordable formula, the following steps have been taken:

1. To reduce the Schools Growth / Falling Roll funding budget within the Schools block from £2.140m (funded by central Government through a formulaic allocation using prior school level growth data) to £1.319m, which aligns to current commitments, and the remaining £0.821m supporting the NFF.

2. The remaining shortfall of £2.494m has been addressed through a downward adjustment of 0.6120% of the AWPU values from the Government's NFF rates in 2026/27 whilst ensuring the MPPFL and the application of the +0.0% MFG is applied.

Lincolnshire Schools' Forum approved the 0.5% Schools block transfer to the High Needs block in 2026/27 following a consultation with mainstream schools. The £3.2364m transfer has been funded through a further downward adjustment of -0.8265% of the AWPU values resulting in a overall downward adjustment of -1.4385% which is illustrated in the table below:

Sector	Government NFF Rate (AWPU)	Monetary Change (AWPU)	Revised Rate (AWPU)	Monetary Change (0.5% Block Transfer)	Lincolnshire Rate (AWPU)
Primary	£4,064.00	-£24.87	£4,039.13	-£33.59	£4,005.54
Key Stage 3	£5,686.00	-£34.80	£5,651.20	-£46.99	£5,604.21
Key Stage 4	£6,410.00	-£39.23	£6,370.77	-£52.98	£6,317.79

From 2026/27, the NFF monetary values include the 2025/26 National Insurance Contributions Grant and the Schools Budget Support Grant, therefore schools will no longer receive a separate grant for these aspects of funding. The table below includes the downward adjustment to AWPU reflecting the measures to address the NFF affordability and the Schools block transfer to the High Needs block (c.£3.234m) to support high needs initiatives in 2026/27.

Key Stages	AWPU (Prior to Block Transfer & Affordability Reduction)	National Insurance Contributions Grant	Schools Budget Support Grant	Monetary Change (Block Transfer & Affordability Reduction)	Revised AWPU
Key Stage 1&2	£3,931.00	£78.00	£55.00	-£58.46	£4,005.54
Key Stage 3	£5,540.00	£68.00	£78.00	-£81.79	£5,604.21
Key Stage 4	£6,245.00	£77.00	£88.00	-£92.21	£6,317.79

Free School Meals
Funding is based on the number of pupils eligible for a Free School Meal on the October 2025 pupil census day.

Primary £505 per eligible pupil
Secondary £505 per eligible pupil

Free School Meals Ever 6
Funding is based on the number of pupils eligible for a Free School Meal at any time in the last 6 years based on the October 2025 pupil census day.

Sector	FSM6	National Insurance Contributions Grant	Schools Budget Support Grant	Revised FSM6
Primary	£1,086	£75	£49	£1,210
Secondary	£1,593	£60	£72	£1,725

Income Deprivation Affecting Children Index (IDACI)
The IDACI score has been classified as ranks which are based on the postcode of the pupil's home address. The ranks group each Lower-layer Super Output Area (LSOA) into one of six bands of decreasing deprivation. October 2025 Pupil Census data is matched to the most recent IDACI dataset (2019).

IDACI Band	IDACI Data	Ranks	Primary Value	Secondary Value
F	Pupils in the next 10% most deprived LSOAs	9,033 to 12,316	£240	£345
E	Pupils in the next 10% most deprived LSOAs	5,748 to 9,032	£290	£460
D	Pupils in the next 5% most deprived LSOAs	4,106 to 5,747	£455	£650
C	Pupils in the next 5% most deprived LSOAs	2,464 to 4,105	£500	£710
B	Pupils in the next 5% most deprived LSOAs	822 to 2463	£530	£760
A	Pupils in the next 2.5% most deprived LSOAs	1 to 821	£700	£970

English as an Additional Language
Funding is based on whether a pupil's first language is other than English and they have been in an English school for fewer than three years.

Primary £ 610 per eligible pupil
Secondary £1,630 per eligible pupil

Mobility
Schools funding is based on whether a pupil's school entry date within the last three years is recorded on the census as not 'typical'. For year groups 1 to 11, 'not typical' is where the first census a pupil is recorded as attending the school is on the January or May census and for reception year this is the May census.

Eligibility for mobility funding is the proportion of mobile pupils within the school above the threshold of 6% of the number on roll.

Primary £ 985 per eligible pupil
Secondary £1,415 per eligible pupil

Prior Attainment
Primary schools are funded on the number of pupils who did not achieve a good level of development in the early years foundation stage profile (EYFSP).

Primary £1,200 per eligible pupil

For secondary schools year 7 to 11 pupils funding is targeted for pupils who did not achieve the expected standard at KS2 in one or more of reading, writing and mathematics. Secondary pupil numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard of KS2 assessment has changed over time.

Year 7 weighting 60.34%

Year 8 weighting	57.71%
Year 9 weighting	55.77%
Year 10 weighting	54.47%
Year 11 weighting	54.47%

Secondary £1,825 per eligible pupil

Following the cancellation or incompleteness of both EYFSP and key stage 2 assessments in summer 2020 and summer 2021 due to COVID-19, Local Authorities have used:

- 2022 attainment data as a proxy for the missing assessments in 2021
- 2019 attainment data from the 2025/26 APT as a proxy for the missing assessments in 2020 for primary pupils

Lump Sum
On top of the annual increase, the lump sum now includes an additional £4,486 to cover funding previously allocated through the National Insurance Contributions Grant and the Schools Budget Support Grant. The lump sum for primary and secondary is £152,700 per sector.

Sparsity
The sparsity factor allocates funding to schools that are remote (measured by sparsity distance) and are small (based on average year group size). Sparsity distances are measured by road distances. To calculate a school's sparsity distance, we take all the pupils for whom it is the nearest compatible school and find the average road distance from these pupils' home postcodes to their second nearest compatible school (a compatible school is one which a pupil of the relevant age and gender could attend. Selective grammar schools are excluded when identifying the second nearest compatible school, but faith schools are included).

The sparsity factor includes a distance threshold taper. Where schools' sparsity distances are marginally below the main distance threshold for sparsity funding, they will still attract some funding. The distance threshold taper has been set 20% below the main distance thresholds.

This factor is applicable for the primary and secondary sector only.

Primary	£0 to £58,600
Secondary	£0 to £85,200
All-through	£0 to £85,200

A school is eligible for sparsity funding if:

- its sparsity distance is above the tapered distance threshold, and
- the average year group size (the APT adjusted pupil count divided by the number of year groups present at the school) is below the relevant size threshold.

			Minimum average distance to second nearest compatible school	
School Sector	**Main year group threshold (average number of pupils)** **Tm**	**Tapered year group threshold (average number of pupils)**	**Main distance threshold** **Dm**	**Distance taper threshold** **Dt**
Primary	10.70	21.40	2 miles	1.6 miles
Secondary	60.00	120.00	3 miles	2.4 miles
All-through	31.25	62.50	2 miles	1.6 miles

For each school that is eligible for sparsity funding, the sparsity weighting is calculated, which sets the proportion of the maximum sparsity unit value each sparse school is allocated. The sparsity weighting is calculated in two stages:

1. Applying a year group size weighting. This tapers the proportion of the sparsity unit value if the school's average year group size is between the tapered and main year group thresholds. Tapering depends on how close the average year group size is to the main year group threshold.
2. Then a distance weighting is applied. This tapers the proportion of the sparsity unit value according to how close to the main distance threshold their sparsity distance is.

If the average year group size is less than 10.70 (primary) or 60.00 (secondary) and the average road distance is greater than 2 miles (primary) or 3 miles (secondary) a school will receive the full allocation of either £58,600 or £85,200 depending on the sector.

If the average year group size is between 10.70 and 21.40 (primary) or 60.00 and 120.00 (secondary) and the average road distance is greater than 2 miles (primary) or 3 miles (secondary) the group size is weighted as per the below:

1- A-Tm/Tm * sparsity factor value

A is the average year group size
Tm is the main year group threshold

If the average year group size is less than 10.70 (primary) or 60.00 (secondary) and the average road distance is between 1.6 miles and 2.0 miles (primary) or 2.4 miles and 3.0 miles (secondary) a school will receive an allocation based on the road distance tapering calculation as per the below:

1- (Dm-d)/Dm-Dt) * sparsity factor value

Dm is the main sparsity distance threshold
Dt is the tapered distance threshold

d is the school's sparsity distance

If the average year group size is between 10.70 and 21.40 (primary) or 60.00 and 120.00 (secondary) and the average road distance is between 1.6 miles and 2.0 miles (primary) or 2.4 miles and 3.0 miles (secondary) a school will receive funding based on the below calculation:

(1-A-Tm/Tm) * 1-(Dm-d)/Dt-Dt) * sparsity factor value

A is the average year group size
Tm is the main year group threshold
Dm is the main sparsity distance threshold
Dt is the tapered distance threshold
d is the school's sparsity distance

Split-Site
The factor is made up of two parts, both of which are compulsory:

- basic eligibility funding: schools are allocated a lump sum payment of £55,100 for each of their additional eligible sites up to a maximum of three additional sites
- distance funding: additional funding up to a maximum of £27,600 for schools whose eligible sites are separated by more than 100 metres (by road distance) from the main site

The basic eligibility criteria for split-sites funding requires additional sites to:

- be part of the main school, to share the same unique reference number (URN) with the school's main site
- be separated from the school's main site by a public road or railway
- have a building on them which is maintained by the school, and which is primarily used for the education of 5 to 16 year olds in mainstream education for more than 50% of school hours. This excludes playing fields, 'ancillary buildings' and buildings leased out full time by the school to another entity

Funding for the distance element is allocated through a tapered approach, beginning at 100 metres, with allocations linearly up to 500 metres, from which point schools will receive the total maximum funding allowed.

Rates
For 2026/27, rates are to be revalued and therefore maintained schools rates funding will include an adjustment to take account of the revaluation plus any adjustments for the prior year 2025/26 rates.

The LA collected the actual rates bills in the autumn term to establish the correct funding entitlement for 2025/26 and the indicative rates value for 2026/27.

Private Finance Initiative (PFI)
This factor is to support schools to meet the PFI 'affordability' gap delegated to schools, and the unavoidable extra premise costs which is paid back to the Local Authority to meet the contractual arrangements and unavoidable costs.

Rents
Where primary schools incur a significant additional cost for the rental of school grounds, buildings, and suitable school playing fields, which are greater than 1% of the school's budget, such costs must affect fewer than 5% of the schools and academies within the LA. Schools received funding based on their actual rental bills for 2025/26 which were provided to the LA in the autumn term 2025.

De-Delegation
Schools' Forum representatives for the maintained primary sector have agreed that the following services will be de-delegated for maintained primary schools (i.e. managed central service by the LA supporting maintained schools) in 2026/27:

- Primary maintained Locality lead support and Intervention Funding
- Additional Intervention Locality Lead Funding
- Financial support to schools with staffing changes in financial difficulties (policy will still apply)
- Ethnic Minority and Traveller Education Team

The per pupil rates are set at:

- Contingency £29.23 per pupil
- Ethnic Minority and Traveller Education Team (EMTET) £ 9.13 per pupil

De-delegations do not take place for maintained secondary schools.

Maintained Audit Charge
In 2025/26, the Council re-established routine audits across all maintained schools, with schools receiving an audit on a three-year cycle following maintained schools members of the Schools Forum's agreement. This falls under the category of statutory and regulatory duties: internal audit and other tasks related to the local authority's Chief Finance Officer's responsibilities under Section 151 of the Local Government Act 1972 for maintained schools (Schedule 2, paragraph 61). With the agreement of maintained schools only representatives of the Schools' Forum, the Council is proposing to continue retaining an amount of funding from maintained schools budgets for nursery, primary, secondary and special schools in 2026/27.

A typical schools audit will cover:

Areas of Audit Coverage	Full Audit BW Schools	Full Audit Prime Account School
Governance Arrangements	✓	✓
Budget Preparation	✓	✓
Budget Monitoring and Reporting	✓	✓
HR Processes	✓	✓
Payroll	✓	✓
Purchasing and asset management	✓	✓
Contract Regulations	✓	✓
Procurement / credit cards	✓	✓
Income collection and banking	✓	✓
Bank reconciliation		✓
Bank Account Payments		✓
Financial returns		✓
Petty cash	✓	✓
School Fund Management	✓	✓

An internal audit report is completed for each school audit that outlines the level of assurance rating; recommendations; root cause analysis; good practice and strengths observed and a management action plan with owners to address key audit findings. Follow-up to management actions take place to ensure audit findings are addressed. The Internal Audit Service share common audit findings through the Schools Finance bulletin to create awareness and promote best practice.

The per pupil rate for 2026/27 is set at £6.18.

Prime account schools will be required to meet the cost supplement from their delegated budgets for the additional audit work from operating their own bank account. Schools with no or limited assurance in their three yearly school audit will be required to meet the cost of the follow up audit. Further cost information for these can be obtained by contacting SchoolsAndAcademies@lincolnshire.gov.uk where the audit team will be happy to discuss your individual requirements.

Minimum Per Pupil Amount
The minimum per pupil funding factor, the rates are set at:

Primary	£5,115.00
Secondary KS3	£6,388.00
Secondary KS4	£7,018.00
Secondary	£6,640.00
All-through	£5,750.42

The minimum per pupil calculation uses the number of year groups.

((number of primary year groups x £5,115) + (number of KS3 year groups x £6,338) + (number of KS4 year groups x £7,018)) divided by total number of years groups.

Where the total allocation through the NFF factors per pupil excluding premise factors (rates costs, rent factor, split site and PFI) are below the minimum per pupil value, a school will receive an adjustment to ensure all schools receive the minimum per pupil amount of funding.

Minimum Funding Guarantee (MFG)
The LA is required to set a MFG per pupil between -0.50% and +0.00% against the schools existing per pupil baseline to ensure school budget reductions are set in a more sustainable way. For 2026/27 the LA has set the MFG at +0.00%.

The LA has not received guidance from the DfE regarding the MFG for future years; therefore the LA recommends schools model the MFG as per the above range for future years to understand the impact this will have on their medium-term financial planning.

Gains Cap
There will be no NFF gains cap, so that all schools will attract at least their full allocations under the formula.

Post-16 Allocation
The post-16 allocations are determined by the Department for Education for the financial year.

16-19 Teachers' Pension Scheme Employer's Contribution Grant
The Teachers' Pension Scheme Employer's Contribution Grant (16-19 TPSECG) provides funding for further education providers to cover the increased employer contributions to the teachers' pension scheme.

The 16-19 TPSECG covers the financial year 2026/27. Eligible schools will receive payments for 2026/27 in two instalments. One payment to be made in July 2026 and another will be made in November 2026.

A link to the terms and conditions of the grant is below:
16 to 19 teachers' pension scheme employer contribution grant: conditions of grant for local authorities and academies 2026 to 2027 - GOV.UK

Post-16 National Insurance Contributions Grant (Post-16 NICs Grant)
The post-16 NICs grant is for the purpose of supporting eligible settings with the increase to employers' National Insurance contributions, arising from their post-16 education from April 2026.

One payment will be made to cover the 2026/27 financial year. This payment will be made to Local Authorities in September 2026 and allocated to mainstream schools in October 2026.

A link to the terms and conditions of the grant is below:

Post-16 National Insurance contributions grant: conditions of grant April 2026 to March 2027 - GOV.UK

Inclusive Mainstream Funding (IMF)
The Inclusive Mainstream Funding (IMF) is for the duration of 3 years, with the 2026/27 financial year being the first year of the grant. With a total of circa. £4.6 million funding for Lincolnshire in 2026/27.

This funding is to support schools to move towards practices that are inclusive by design, providing early support directly to children without the need for diagnosis or statutory processes, enabling them to remove commonly occurring and predictable barriers to learning including:

- Investing in high quality, adaptive teaching
- Inclusive pedagogy and decision making
- Creating safe, calm and accessible learning environments

Schools will also be able to spend this funding on developing more targeted evidence-based support, such as specific group interventions where necessary.

Schools will be required to publish an inclusion strategy detailing the activities and approaches and explain how they plan to use their overall funding allocation to embed inclusive practice.

The DfE recommends that schools allocate the funding across 7 themes of activity to help deliver evidence-informed inclusive practice to children and young people.

Details of the 7 themes can be found by following the link below:
https://www.gov.uk/government/publications/inclusive-mainstream-fund-2026-to-2027/inclusive-mainstream-fund-for-schools-methodology-2026-to-2027#permitted-use-of-funding

Schools must publish their inclusion strategy statement by 31st December 2026.

The IMF should not be considered the only source of funding for delivering this activity. For example, use of devolved budgets including Notional SEN funding.

Payment of the grant for LA maintained mainstream schools will be made at the end of June 2026 and allocated to schools in July 2026.

Schools will receive one payment to cover the 2026/27 financial year.

The funding for mainstream schools will not initially be incorporated into core budget allocations. However, the DfE will consider rolling this funding into the National Funding Formula (NFF) for future years.

Funding rates for the IMF for schools are based on factors used in the schools NFF:

- A lump sum paid to all school, regardless of pupil numbers
- A basic per-pupil rate (with different rates for primary and secondary schools)

- A per-pupil rate for pupils who are recorded as having low prior attainment (LPA) (with different rates for primary and secondary schools). The DfE have taken the proportion of children that qualify for LPA from the October 2024 census. The Local Authority have queried with the DfE as to whether this will be updated for the October 2025 census once allocations are published

The DfE have applied an area cost adjustment (ACA) to reflect geographical variation in labour costs and have used the same ACA as the schools NFF for 2026/27 as published in the area cost adjustment for national funding formula 2026 to 2027 - technical note. The base funding rates are multiplied by the relevant ACA to calculate the school level allocations.

The base funding rates for the 2026/27 financial year are:

- A lump sum of £3,000 per school
- For primary school pupils, a rate of £16 for all pupils (including pupils in reception) and an LPA per pupil rate of £79 per eligible pupil
- For secondary school pupils, a rate of £14 for all pupils up to the age of 16 and an LPA per pupil rate of £88 per eligible pupil
- Pupils in middle school or all-through schools will be funded at the appropriate rate according to their age

A calculator tool has been provided by the DfE so that schools can see an estimate of their total funding allocation for planning purposes.

Schools need to ensure that this funding is included in their Medium Term Finance Plan (MTFP) for 2026/27 onwards. Schools also need to factor in the cost of this provision. We recommend that schools read the funding methodology and conditions of the grant to understand how this has been calculated.

Further information regarding the funding including the methodology, funding rates and the calculator tool, can be found by following the link below:
Inclusive mainstream fund: 2026 to 2027 - GOV.UK

16-19 Inclusive Mainstream Funding (IMF)
The 16-19 Inclusive Mainstream Funding (IMF) is for the duration of 3 years, with the 2026/27 financial year being the first year of the grant.

This funding is to help institutions with the cost of identifying and supporting the needs of children and young people with SEND which includes:

- High quality, adaptive teaching and pedagogy
- Inclusive decision-making and accessible learning environments to improve mainstream settings' inclusive offer to pupils
- Effective use of evidence-informed approaches and targeted interventions

Schools will also be able to spend this funding on developing more targeted evidence-based support, such as specific group interventions where necessary.

Schools will be required to publish an inclusion strategy detailing the activities and approaches and explain how they plan to use their overall funding allocation to embed inclusive practice.

The DfE recommends that schools allocate the funding across 7 themes of activity to help deliver evidence-informed inclusive practice to children and young people.

Details of the 7 themes can be found by following the link below:
https://www.gov.uk/government/publications/inclusive-mainstream-fund-2026-to-2027/inclusive-mainstream-fund-for-schools-methodology-2026-to-2027#permitted-use-of-funding

Schools must publish their inclusion strategy statement by 31st December 2026.

The IMF should not be considered the only source of funding for delivering this activity. For example, use of devolved budgets including Notional SEN funding.

Payment of the grant for LA maintained mainstream schools will be made at the end of July 2026 and allocated to schools in August 2026.

Schools will receive one payment to cover the 2026/27 financial year.

The funding methodology can be found using the following link:
Inclusive mainstream fund for 16 to 19 providers: methodology 2026 to 2027 - GOV.UK

The conditions of grant can be found using the following link:
Inclusive mainstream fund for 16 to 19 providers: conditions of grant 2026 to 2027 - GOV.UK

Free School Meals (FSM) Expansion Grant
In June 2025, the government announced that from 2026/27 academic year, the eligibility criteria for FSM will be expanded to all children in households receiving Universal Credit.

The additional funding will be allocated through the FSM expansion grant for pupils from reception to key stage 4 for the period from September 2026 to March 2027. This is to help with the additional costs for free meals.

The grant will be received from the DfE in February 2027 and allocated to schools in March 2027.

In 2027/28, the funding will be incorporated into the core funding that mainstream schools receive and high needs top up funding for special schools.

The allocations will be based on the increase in the number of pupils recorded as eligible for FSM between the October 2025 and October 2026 school censuses.

Schools will receive the measured increase in FSM eligibility × £295. This is calculated as pro-rata of the £505 schools national funding formula FSM factor value for 7 months from September to March.

£505 ÷ 12 months = £42.10

£42.10 × 7 months (September-March) = £295

For example, if the number of pupils recorded as eligible for FSM in a school increases by 10 between the October 2025 census and the October 2026 census, that school will receive an additional £2,950 for the period from September 2026 to March 2027 (10 × £295).

Decreases in FSM eligibility will not be counted. This means that there will be no negative adjustments to funding for schools seeing a decrease in FSM eligibility.

The grant methodology and conditions of grant can be found:
Free school meals expansion grant: methodology - GOV.UK

Free school meals expansion grant, 2026 to 2027: conditions of grant for local authorities and academies - GOV.UK

Schools Budget Support Grant (SBSG 26)
The Schools Budget Support Grant (SBSG 26) is to support schools with overall costs, including :

- costs of the schools teacher pay award from September 2026
- local government services pay award in respect of support staff for 2026/27

For 2027/28, mainstream schools funding will be incorporated into the core NFF budget allocations and for special schools will be incorporated into the high needs funding block of the DSG.

Funding will be received in October 2026 with allocations to schools in November 2026.

Mainstream schools funding rates are :

- basic per pupil rate with different rates for primary, key stage 3 and key stage 4
- lump sum paid to all schools
- per pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last 6 years (FSM6) with different rates for primary and secondary pupils

Funding rates for 2026/27 are :

- basic per pupil rate of:

  £42 per primary pupils including reception pupils
  £59 for key stage 3 pupils
  £67 for key stage 4 pupils

- lump sum of £1,600

- FSM6 per pupil rate of:

  £35 per eligible primary pupil
  £55 per eligible secondary pupil

The allocations will be using the October 2025 census.

The rates that will be rolled into the NFF will be the full year equivalent which are:

- basic per pupil rate of:

  £58 per primary pupils including reception pupils
  £81 for key stage 3 pupils
  £91 for key stage 4 pupils

- lump sum of £2,200

- FSM6 per pupil rate of:

  £50 per eligible primary pupil
  £75 per eligible secondary pupil

The grant methodology and conditions of grant can be found:
Schools budget support grant 2026 (SBSG 26) - GOV.UK

Teachers' Pension Employer Contributions NFF Funding Adjustment
The government announced that, from April 2027, the employer contribution rate for the Teachers' Pension Scheme (TPS) will decrease from 28.68% to 17.68%.

Therefore, there will be a funding reduction in respect of teachers' pensions which will be incorporated into the schools NFF and the equivalent local authority funding formulae from the start of the 2027/28 financial year.

The adjustment will be incorporated in three different areas which is as follows:

- basic per pupil factor, the lump sum and the FSM6 factor values
- minimum per pupil levels
- baseline for each school, which is used to calculate funding protections for schools funded through the funding floor

This methodology mirrors the methodology used when funding in respect of pension contributions was rolled into the schools NFF in 2025/26, following the previous upwards valuation in pension contributions.

The 2027/28 financial year factor values will be adjusted to account for the pension adjustment using the following rates:

- basic per-pupil reductions of:

  £178 for primary pupils, including pupils in reception
  £250 for key stage 3 pupils
  £281 for key stage 4 pupils

- lump sum reduction of £6,600

- FSM6 per-pupil reductions of:
  £155 per eligible primary pupil
  £225 per eligible secondary pupil

The grant methodology and conditions of grant can be found:
Teachers' pension employer contributions funding adjustment: methodology - GOV.UK

For schools with pupils aged 16 to 19, further information on the relevant funding arrangements is available on the link below:

16 to 19 teachers' pension scheme employer contribution grant: conditions of grant for local authorities and academies 2026 to 2027 - GOV.UK

Higher Needs Top Up
For 5-16 year olds, the Financial Regulations require all schools to contribute the first £6,000 of a pupil's SEN from their existing budgets (termed as 'Notional SEN'), before the LA will allocate further funding (termed as 'top up'). Schools are not expected to fund the first £6,000 for Early Years or Post 16 Education Health Care (EHC) plans, and in these instances the LA will pick up the full cost of the EHC plan.

For the 2026/27 financial year the current mainstream top up arrangements will continue to remain in place as applied in 2025/26, based on the category level of needs as per the below:

Mild £5,022
Moderate £6,597
Significant £9,746
Profound £14,470

Top up funding follows the child, if a pupil resides outside of Lincolnshire but attends a Lincolnshire school, the financial responsibility will be with the Commissioning LA. In this case, schools will need to reclaim the higher needs top up amount owed directly from the **Commissioning Local Authority**, which will be based on Lincolnshire's top up rates.

Higher Needs Targeted Funding
Councils can provide targeted funding from its High Needs block to schools in exceptional circumstances. This funding supplements the school's notional SEN budget as calculated under the local funding formula - notional SEN budget provides the schools sector in 2026/27 on average £3,868 per pupil identified as on SEN support having deducted £6,000 per pupil whom the school receives top up funding for. Councils are required to carefully consider the criteria for

allocating such supplementary targeted funding and considerations can be made whereby there is a disproportionate number of pupils with SEN in relation to its size, phase and characteristics.

Lincolnshire has a targeted funding approach (local decision) in the High Needs block to support inclusive practice, thereby supporting schools with a higher number of EHC plans. Targeted funding is currently automatically triggered when a school's notional funding EHC requirements exceed the value that is equivalent to 30% of the Notional SEN in their delegated budget. Analysis previously reported in the Mainstream Schools Funding 2025/26 – Notional SEN consultation showed Lincolnshire to be in the top decile of per capita and gross expenditure when providing a targeted SEN approach. Lincolnshire is adopting the Government's NFF, therefore there is no justification as to why Lincolnshire should be in this position compared to other Councils when providing targeted funding. The percentage of schools in receipt of targeted funding is 53% with forecast spending of over £5m in 2025/26, therefore this is no longer exceptional, as per the DfE expectations of such a funding mechanism. The local approach was designed to ensure that schools are not being financially disadvantaged by having a disproportionate number of pupils with more complex needs, therefore it is important this is reviewed.

The Council is reviewing its mainstream SEND targeted funding arrangements, over the coming months. The Council will engage with schools and key stakeholders on the outcomes of this and any future proposals of targeted funding arrangements. It remains important to ensure funding deployed through the exceptional circumstances criteria supports schools with a disproportionate number of pupils with SEN in relation to its size, phase and characteristics to support inclusive practice.

Please note that no decisions have been made at this stage, however, for budget setting purposes, schools should be prudent and not assume the current methodology will continue past 2026/27. Schools are therefore advised to budget using the indicative 2026/27 figures only, and not to plan for any future years targeted funding. Should changes take place, protection funding will be applied to support schools in a planned way.

Early Years Funding

The Government provides Local Authorities with five relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG).

These are:

1. The Early Years universal & extended entitlement for 3- & 4-year-olds
2. The Early Years entitlement for early learning for 2-year-olds and working parents
3. The early years entitlement for under 2's for working parents
4. The Early Years Pupil Premium (EYPP)
5. The Disability Access Fund (DAF)

This overview specifies the local rates that will be paid to the Early Years sector in 2026/27 relating to the specified areas above.

Overview

1. The Early Years Universal Entitlement for 3- & 4-year-olds (universal and extended)

Base rate funding will increase by £0.32 pence per hour in 2026/27.

Activity for 2026/27	**Hourly Rate**
Universal Base Rate – All Early Years Providers	£5.53

The Early Years Single Funding Formula (EYSFF) was implemented by Lincolnshire with effect from April 2017, as a result of the Government's Early Years National Funding Formula (EYNFF) reforms to provide fairer funding nationally.

The Local Authority reviews the EYSFF annually and determines the universal and additional entitlements for 3- & 4-year-olds based on funding received from central Government (EYNFF). The EYSFF must remain affordable.

The per pupil hourly rate in 2025/26 was £5.21. The increase is largely supported through the Government's additional funding of £0.30p per hour per child for 2026/27. The Local Authority has also been able to release funding to the sector from the Government's protection in funding from their change to funding Local Authorities on a termly census count from 2026/27. The overall £0.32p increase in rate will give providers additional resource to support the running of early years education.

It is important for the Local Authority to provide appropriate stewardship of the Early Years block and ensure it does not overspend. A review of the inclusion fund, deprivation supplement and teachers' pay and pension grant (TPPG) requirements have taken place, including an update of the central costs following the rollout of the new entitlements.

The Government is providing funding to Local Authorities in response to the change to termly early years census funding for Local Authorities compared to the previous method of using

only January census data. This would have seen lower funding allocations to Local Authorities due to reduced PTEs being recorded, hence this funding adjustment taking place to enable Local Authorities to continue meeting provider funded hours within its available funding. 68% of this funding provided by the Government for this particular change has been retained (£0.938m) with the remainder being incorporated within the universal base rate. A small fluctuation contingency fund of £0.033m has also been allocated for the 3- and 4-year-old category.

Lincolnshire is passing through 97.01% of its funding through to providers in 2026/27 which is just above the prescribed Government level of 97%. Supplements and provider delegations (outside the local universal basic rate) must not be more than 12% of the pass-through funding to providers; Lincolnshire's supplements funding is at a lower level of 6.10%. The supplements include the mandatory deprivation supplement, TPPG supplement including the September 2025 pay award for eligible nursery classes, the fluctuation contingency fund and SEN Inclusion funding.

The local universal base rate will fund each provider on the basis of participation. The term participation refers to both the number of children accessing the funded entitlement along with the number of hours being taken up (i.e. up to 15 hours or up to 30 hours for working parents) across the agreed funding period.

Funding is allocated monthly using the number of hours each child receives up to 15 hours per week (or 30 hours for working parents) for the maximum number of weeks available in each month (as outlined in the EYE payment schedule). Funding for 2026/27 will be based on data submitted by the specified deadlines using the online Early Years Provider Hub through the financial year.

The Early Years Provider Hub is the online system being utilised by all Lincolnshire early years providers to ensure accurate and up to date claims and payments are being made on a monthly basis.

For all Local Authority schools with early years provision and Maintained Nursery Schools, payments will be made a month in arrears of the 'claim' and 'adjustment' data being submitted on the Early Years Provider Hub. Payments are made throughout the financial year rather than a budget being allocated at the start of the year. Please note that the March claim will be paid in March, based on the claim data submitted, with any adjustment being made in the following month of April. The excel-based Primary Schools Medium Term Finance Plan funding document enables projections of Early Years participation and funding (available on Perspective Lite > LA Documents > Schools Finance Team > Budget Setting > 2026/27 > Medium Term Finance Plans).

Private, Voluntary and Independent (PVI's) early years settings, academies and prime account schools will receive monthly payments based on the monthly claim data submitted in the Early Years Provider Hub for that month and the adjustment claim relating to the previous month. For example, a May claim, and April adjustment will be paid in the month of May. The deadline dates for monthly claims are outlined within the EYE calendar and payment schedule sent to all providers annually prior to the beginning of the academic year.

Deprivation

In 2026/27, the Local Authority will continue to use the same deprivation factor as in 2025/26 for 3- and 4-year-olds. To ensure the Government's funding increase is proportionately distributed through the EYNFF, 5.3% of the increased funding will be distributed through the deprivation factor through a £10 increase in Deprivation Band 1. The increase is proportionately applied across the other Deprivation Bands 2-6. The Local Authority will continue to provide advice on its use and monitor its effectiveness in settings. This approach will allocate £0.865m through the deprivation funding formula for 3- and 4-year-olds.

The IDACI deprivation measure determines the probability of a child coming from a deprived area, using the child's postcode. For example, a child with an IDACI score of 0.2 has a 20% chance of coming from a deprived area; a child with an IDACI score of 0.8 has an 80% chance of coming from a deprived area. The IDACI child information has been taken from the October 2025 provider funding claims.

A monetary sum per pupil has been assigned to the deprivation bands 1 to 6. Only pupils with an IDACI score of 0.2 or above will trigger deprivation funding, therefore targeting funding at those children deemed to be more deprived.

The following table shows the deprivation scores and associated funding:

Deprivation Band	IDACI Score Lower Limit	IDACI Score Upper Limit	2026/27 Funding Per Pupil
1	0.2	0.25	£190
2	0.25	0.3	£380
3	0.3	0.4	£570
4	0.4	0.5	£760
5	0.5	0.6	£950
6	0.6	1.0	£1,140

The October 2025 data collection information and IDACI 2019 datasets have been used to determine the 2026/27 annual deprivation funding allocation.

The full 2026/27 annual monetary deprivation allocation, specifically detailed within this documentation, will be divided into three termly amounts and will be payable within the first month of each term.

A child is entitled to extended funded early years provision if the child has attained the age of three, is under compulsory school age and the child's parent(s) meets the eligibility criteria set out in the Government guidance, found here:

https://www.gov.uk/30-hours-free-childcare

Eligibility includes children in foster care, where specific criteria are met. Foster carers will speak to the child's social worker before applying. If the social worker agrees, an application form will be completed and submitted to the Local Authority.

The historic teachers' pay and pension grant funding and latest teachers' pay grant funding will form part of the Quality supplement with an hourly rate supplement of £0.81p for those eligible nursery classes.

Extending the Capacity of a Nursery Class

The Local Authority maintained schools with designated nursery classes require approval from the Local Authority for changes made to the capacity of a nursery class. An admission number is set on commencement taking into consideration pupil numbers, required staffing levels and the physical limitation of the space available. The original admission numbers were established by the Local Authority and can only be changed in agreement with the Local Authority. Should a Governing Body wish to consider an extension to the capacity of its nursery class the request must be made in writing to the Director of Children's Services.

When a school becomes an academy, the Academy Trust becomes the admissions authority. The academy will manage its own admissions process and must ensure that its admission arrangements comply with the School Admissions Code. Academies, as their own admission authority, can therefore, choose to vary the size of their nursery class. However, the academy is required to consult with the Local Authority to determine whether there is a sufficiency of places in the area. The Governing Body is required to formally request in writing to the Director of Children's Services that the Local Authority funds the increase in capacity through the EYSFF.

Teachers' Pay and Pension Grant

The former Government grants for eligible school-based nurseries to support the increased teachers' pay and pension employer contributions will continue to be allocated through the Quality supplement hourly rate in the 3- and 4-year-olds formula to support the costs for which the original grants were introduced (£0.72p). The latest teachers' pay grant funding will form part of the Quality supplement (£0.09p) in 2026/27 for the 3- and 4-year-olds formula. Overall, the 3- and 4-year-olds formula will allocate £0.81p in 2026/27 for those eligible nursery classes through the Quality supplement. This will be paid to all schools with nursery classes that qualify as a separate quality supplement. There is no change in terms of eligibility, this will continue to be distributed to maintained schools and academies with designated nursery classes.

2. The Early Years Entitlement for Early Learning 2 year olds and 2-year-olds working.

Activity for 2026/27	Hourly Rate
Universal Base Rate	£7.73

Lincolnshire's funding for 2-year-olds in 2026/27 has increased by £0.32p per hour to £7.73 per hour per child from the original 2025/26 rate.

Deprivation Early Learning for 2-year-olds (previously the disadvantaged 2-year-olds)

For the 2-year-old entitlements, the Local Authority is expected to ensure funding for deprivation is reflected in the approach, recognising the additional costs associated with supporting children from disadvantaged backgrounds. This can be achieved through the deprivation supplement.

In Lincolnshire, we continue to use a single 2-year-old formula for base rate funding for children accessing under the 'early learning for 2's' and working criteria and then apply a deprivation supplement for the children accessing under the early learning criteria. The Government determines that 2-year-olds can get free childcare if they live in England and where families are in receipt of specific economic benefits related criteria, including income support, job seekers allowance, universal credit etc.

An additional £0.20p per hour supplement will be applied to the rate for early learning for 2-year-olds for their hours of attendance, offering an overall rate of £7.93 per hour for this cohort. This will support any additional costs providers may have when supporting disadvantaged children accessing the full entitlement across the year children (or £114.00).

The teachers' pay grant funding (from September 2025) will form part of the 2-year-old Quality supplement with an hourly rate supplement of £0.13p for those eligible nursery classes / schools.

3. Early years entitlement for under 2's for working parents

This funding was implemented in September 2024. The hourly rate for under 2-year-olds in 2026/27 is £10.57 per hour per child. This is a £0.39p increase from the 2025/26 base rate and reflects the Government's increase. For the purposes of calculating illustrative allocations for 2026/27, the Local Authority has used known take-up data from 2025 and then provided a calculator for providers to be able to consider the total annual income for this age range based on the increases from the rollout in September 2025.

4. Early Years Special Educational Needs (SEN) Inclusion Funding – sector-wide

There are a number of children with special educational needs and disabilities in provider settings, Maintained Nursery Schools and school based Early Years provision. The universal base rate is provided to meet the needs of children, including those with mild additional needs which are able to be met within the graduated approach and provision that is routinely available. Settings are expected to meet these children's needs within the universal base rate.

Early Years SEN Inclusion funding can be accessed for children that exceed the level which can be accommodated within the local universal base rate to support the early cycles of the graduated approach and who do not have an Education, Health, and Care (EHC) Plan. The Local Authority is required to have an Early Years SEN Inclusion fund for all 3 & 4 year-olds with SEN who are taking up funded entitlement, regardless of the number of hours taken. The Early Years SEN Inclusion Fund is administered by the Early Years and Childcare Support team and supports the inclusion and participation of Lincolnshire children aged 3 & 4 years as part of the Local Offer.

Further information can be found in this link:
https://www.lincolnshire.gov.uk/early-years-education/support-childcare-providers/4?documentId=292&categoryId=20088

The Early Years SEN Inclusion Fund has been reviewed in line with national guidance and is available through an application process. Inclusion funding is applicable to any child attending an Early Years setting in Lincolnshire, regardless of where the child lives.

The Inclusion funding model provides a top up payment for every hour the child attends the setting for their early year's entitlement (up to maximum of 30 hours per week based on a child's eligibility). A two-tier approach for 'Emerging 1' needs and 'Emerging 2' needs is in place. This additional funding is paid to the setting to enable them to meet the needs of the child. From April 2025 the Inclusion funding has been maintained at the rates below:

Activity for 2026/27	**Emerging 1 Needs**	**Emerging 2 Needs**
SEN Inclusion Funding	£2.10 per hour	£4.20 per hour

This is available for all age ranges accessing the early year entitlements, using the same rates. If a child meets the criteria for an EHC plan assessment, High Needs block funding can be accessed through the SEND team.

5. Early Years Pupil Premium (EYPP)

Activity for 2026/27	**Annual Amount**	**Hourly Rate**
EYPP	£655.50	£1.15

The EYPP gives providers additional funding to support disadvantaged children accessing an entitlement place. For 2026/27, EYPP will continue to fund all nursery aged cohorts accessing the entitlements and meeting the eligibility criteria. The EYPP remains distinct from the EYNFF.

EYPP will complement the early years entitlement funding by providing nurseries, schools, and other providers with up to an additional £655.50 a year for each eligible child. This equates to an hourly rate of £1.15p per child per hour, based on a maximum of 570 hours per year, this being the 15 hours funded universal entitlement x 38 weeks. As the EYPP is calculated on an hourly rate, funding will only be allocated based on the number of hours a child attends.

Where a child is eligible for the additional 15 hours entitlement for working parents, EYPP is paid on the universal 15 hours per week only, up to a total of 570 hours in the year.

Once a provider starts receiving EYPP funding in respect of a particular child, they will not lose it while the child is taking up the early years funded entitlement.

The aim of the EYPP is to close the gap between children from disadvantaged backgrounds and their peers by providing funding to early years providers to help them raise the quality of their provision. Restrictions will not be imposed on how providers spend the EYPP. Instead, Ofsted will hold providers to account for how they have used the EYPP to support their disadvantaged children through the regular inspection process. All early year age groups will be eligible for EYPP if they meet the Government criteria, found here:

https://www.gov.uk/get-extra-early-years-funding

Providers must request parent details on the Parent Declaration Form and add these to the Early Years Provider Hub, for the Local Authority to check the child's eligibility and apply this funding to the providers monthly claim. Funding will be allocated monthly for eligible children and funding will follow the child.

6. Disability Access Funding (DAF)

Activity for 2026/27	Total Annual Amount
DAF	£975.00 (one-off payment)

All Early Year age groups will be eligible for the DAF if they meet the following criteria:

- The child is in receipt of child Disability Living Allowance (DLA) and,
- The child receives funded early education.

The settings of all eligible children for all age groups for the DAF will be entitled to receive a one-off payment of £975 per year. The DAF is not based on an hourly rate and is an additional entitlement. Children do not have to take up their full early years education if they are entitled to receive the DAF. Children in receipt of the DAF will be eligible where they take-up any period of funded entitlement.

If a child eligible for the DAF is splitting their funded entitlement across two or more providers, parents will be asked to nominate the main setting. This setting will be where the DAF is awarded for the child. If a child receiving DAF moves from one setting to another within a financial year, the new setting is not eligible to receive DAF funding for this child within the same financial year. DAF funding received by the original setting will not be recouped. It should be noted that providers will need to work together for implementation of the funding.

Early years providers are responsible for identifying children eligible for DAF and should speak to parents to find out who is eligible. Providers will be able to use the parent declaration form to record those children in receipt of Disability Living Allowance (DLA). The provider will be required to upload a copy of the child's DLA certificate to the child's record on the Early Years Provider Hub as evidence. The Local Authority will check that the DAF eligibility requirements are met, and evidence must be kept on file.

In Year Funding

Higher Needs Top Up

- adjustments made termly to original allocation

Intervention

- funding available from the Education Team
- schools must meet criteria (need for improvement/deficit)
- school must submit Intervention Funding Bid

Prevent Exclusion

- funding allocated by the Children's Team to prevent pupils being excluded

Re-organisation

- funding to help schools to support the LA provision of sufficient school places (typically temporary increases of PAN either for one or more year groups or permanent increase in PAN)
- requested by Admissions and Education team

Special School Adjustments

- adjustments of funding based on increase or decrease of planned places

Admissions and Exclusions

- funding adjustment (admissions) for taking in an excluded pupil or funding recovery (exclusions) for permanently excluding a pupil
- adjustment is calculated using pro rata formula